

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4644-04
Bill No.: Perfected HCS for HB 1395
Subject: Surveyors; Natural Resources Dept.
Type: Original
Date: March 28, 2012

Bill Summary: This proposal changes the laws regarding the Land Survey Program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Safe Drinking Water*	\$0 to \$3,833,333	\$0 to \$4,600,000	\$0 to \$4,600,000
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 to \$3,833,333	\$0 to \$4,600,000	\$0 to \$4,600,000

* Extension of the safe drinking water primacy fee
Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 9 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Drinking Water State Revolving*	\$12,000,000 to \$18,000,000	\$12,000,000 to \$18,000,000	\$12,000,000 to \$18,000,000
Total Estimated Net Effect on <u>All</u> Federal Funds	\$12,000,000 to \$18,000,000	\$12,000,000 to \$18,000,000	\$12,000,000 to \$18,000,000

* Extension of the safe drinking water matching funds

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on FTE	0	0	0

☒ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Sections 59.319, 60.510, 60.530, 60.540, 60.560, 60.570, 60.580, 60.595, 60.610, and 60.620 - Land Survey Program

Officials at the **Department of Natural Resources (DNR)** assumes this proposal will require no more than ten percent of all moneys collected under this subsection to pay for state and department administrative cost allocation. All income, interest, and moneys earned from such investments shall be deposited into the Missouri Land Survey Fund.

DNR assumes this would result in an estimated cost allocation reduction of \$207,911 in FY13. The state's central services, department administrative activities, and information technology activities such as the land survey index would be reduced. Some of these services may be direct billed, or other replacement funding sources such as general revenue would have to be requested.

Oversight assumes DNR would absorb the cost allocation reduction of \$207,911 in FY13 or direct bill these costs.

Section 59.319:

DNR state this section would create the Missouri Land Survey Fund in which to deposit the existing \$1 fee to be utilized for the purposes of sections 60.510 to 60.620 and section 60.670. The state treasurer would be custodian of the fund and would approve disbursements from the fund in accordance with sections 30.170 and 30.180, RSMo.

Section 60.540:

DNR assumes this section would give DNR the authority to purchase property for the establishment of an office for the Land Survey Program. If additional office(s) are established by the program, this could lead to increased administrative costs and increase maintenance and capital improvement costs.

Section 60.570:

DNR state this section would allow the land survey program to establish regional offices in the metropolitan areas of the state for the storage and distribution of local survey record information. If additional office(s) are established by the program, this could lead to increased administrative costs and increase maintenance and capital improvement costs.

ASSUMPTION (Continued)

DNR assumes an unknown fiscal impact for this section due to variables associated with how many offices may be established and associated needs for each office. If additional office(s) are established by the program this could lead to increased administrative costs and increase maintenance and capital improvement costs.

Section 60.620:

DNR states this section would establish a new Land Survey Commission to replace the Land Survey Advisory Committee and would increase membership from 5 to 7 members.

Land Survey Program as a Whole:

DNR assumes an unknown overall fiscal impact from the Land Survey Program due to variables associated with how many offices may be established and associated needs for each office. If additional office(s) are established by the program this could lead to increased administrative costs and increase maintenance and capital improvement costs.

Oversight assumes any administrative costs and costs for the reimbursement of new commission members could be absorbed through the existing land survey user fees and existing appropriation.

Oversight assumes this proposal states the Land Survey Program may establish and maintain regional offices in metropolitan areas for the storage and distribution of local survey record information.

Oversight assumes this program already exists and DNR has regional offices for storage and distribution of local survey record information throughout the state at its current locations. If DNR seeks to establish separate regional offices for the Land Survey Program then additional funding for the administrative costs and office space may be requested through the normal appropriation process at that time.

Section 640.100 - Safe Drinking Water Fee

Officials at the **Department of Natural Resources (DNR)** assume this proposal would extend the drinking water primacy fee in Section 640.100, RSMo until September 1, 2017. Currently this fee is set to expire September 1, 2012.

ASSUMPTION (Continued)

DNR states the department's FY13 budget includes core appropriations of approximately \$4.2 million from the Safe Drinking Water Fee Fund for safe drinking water activities. Cost for the implementation of the federally mandated Primacy is in the current budget for allocation of the fee funds.

DNR states, this proposal would continue support for monitoring, regulatory oversight, and contaminant mitigation as necessary to provide safe drinking water.

DNR states, primacy fees provide 43% of the support needed for the department's public drinking water effort, allowing the state to maintain its delegated authority, or primacy, under the federal Safe Drinking Water Act.

DNR states, the primacy fee provides funding for activities to support drinking water which includes analysis of water samples, engineering activities of review and approval of construction authorizations and permits to dispense, coordination of public notices, development and coordination of Consumer Confidence Reports, compliance and enforcement activities, inspections and sanitary surveys, technical assistance, data management, recordkeeping, and reporting, development and implementation of rules, and research on emerging contaminants.

DNR states, primacy fees provide the match for the 10 percent set-aside of the Drinking Water State Revolving Fund capitalization grants for public water system supervision. In order to obtain these federal funds of approximately \$1.0 million per year, Missouri is required to provide at least an equal amount of state funds, at least half of which must be in addition to the amount the state expended in Federal Fiscal Year 93. Without renewal of these fees the department will not be able to provide the required state matching funds.

DNR states, with passage of this proposal, the state would be able to maintain its primacy delegation authority and qualify for federal state revolving fund capitalization grants that provide low-cost loans to public water systems and funding for source water protection and other specified activities under the federal Safe Drinking Water Act.

DNR states, the department does not anticipate a fiscal impact, as a result of the extension of the Safe Drinking Water Fee, if the sunset date is extended. However, if the sunset provision is not amended as proposed, the estimated total loss of revenue to support safe drinking water in Missouri is approximately \$4.6 million per year to the Safe Drinking Water Fund.

ASSUMPTION (Continued)

Oversight assumes the proposed legislation does not change DNR's authority but would continue to fund an existing program. Current law contains an expiration date of September 1, 2012 for the collection of the drinking water primacy fee. This proposal would extend the expiration date of the safe drinking water primacy fees by 5 years to September 1, 2017.

Oversight assumes under federal law, only states that maintain their primacy delegation qualify for federal capitalization grants for the Drinking Water State Revolving Fund (DWSRF). The extension of the primacy fee will continue to draw down federal matching grants of \$12,000,000 to \$18,000,000 per fiscal year to the DWSRF.

Bill as a Whole

In response to the previous version of this proposal, officials from the **Office of the Secretary of State (SOS)** stated many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

In response to the previous version of this proposal, officials at the **Office of Attorney General (AGO)** assumed that any potential costs arising from this proposal can be absorbed with existing resources.

Officials at the **Department of Revenue** and **Office of State Courts Administrator** each assume there is no fiscal impact from this proposed legislation.

ASSUMPTION (Continued)

In response to the previous version of this proposal, officials at the **Department of Transportation, Office of the State Auditor, State Treasurer's Office, Office of Administration, and State Treasurer's Office** each assumed there is no fiscal impact from this proposed legislation.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
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SAFE DRINKING WATER FUND

<u>Revenue - Primacy Fees</u>	<u>\$0 to</u> <u>\$3,833,333</u>	<u>\$0 to</u> <u>\$4,600,000</u>	<u>\$0 to</u> <u>\$4,600,000</u>
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ESTIMATED NET EFFECT ON SAFE DRINKING WATER FUND	<u>\$0 to</u> <u>\$3,833,333</u>	<u>\$0 to</u> <u>\$4,600,000</u>	<u>\$0 to</u> <u>\$4,600,000</u>
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<u>FISCAL IMPACT - Federal Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
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DRINKING WATER STATE REVOLVING FUND

<u>Revenue - Federal Capitalization Grants</u>	<u>\$12,000,000 to</u> <u>\$18,000,000</u>	<u>\$12,000,000 to</u> <u>\$18,000,000</u>	<u>\$12,000,000 to</u> <u>\$18,000,000</u>
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ESTIMATED NET EFFECT ON DRINKING WATER STATE REVOLVING FUND	<u>\$12,000,000 to</u> <u>\$18,000,000</u>	<u>\$12,000,000 to</u> <u>\$18,000,000</u>	<u>\$12,000,000 to</u> <u>\$18,000,000</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
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<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

Sections 59.319, 60.510, 60.530, 60.540, 60.560, 60.570, 60.580, 60.595, 60.610, and 60.620 - Land Survey Program

These sections change the laws regarding the Land Survey Program within the Department of Natural Resources.

- (1) Dissolves the State Land Survey Authority and the Land Survey Advisory Committee and establishes the Land Survey Program and the Land Survey Commission within the Department of Natural Resources;
- (2) Revises the membership, terms, and duties of the commission;
- (3) Creates the Missouri Land Survey Fund for the deposit of \$1 of the \$6 fee collected by every county recorder for recording any instrument which currently is deposited into the General Revenue Fund for use by the department;
- (4) Expands the duties of the department by requiring it to restore, establish, maintain, and preserve Missouri state and county boundary markers and provide the framework for all geodetic positioning activities in the state; and
- (5) Requires the State Land Surveyor to be selected on the recommendation of the commission. The State Land Surveyor will be the chief administrative officer of the program and the deputy director of the division and will serve at the pleasure of the department director. He or she must be selected under the State Merit System on the basis of professional experience and registration.

Section 640.100 - Safe Drinking Water Fee

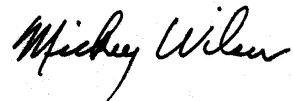
This section extends, from September 1, 2012, to September 1, 2017, the authorization for the Department of Natural Resources to impose fees for the implementation, administration, and enforcement of the federal Safe Drinking Water Act.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

KB:LR:OD

SOURCES OF INFORMATION

Department of Natural Resources
Department of Transportation
Office of Administration
State Treasurer's Office
Department of Revenue
Office of the Attorney General
Office of Secretary of State
Office of the State Auditor

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
March 28, 2012